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Individual Attitudes toward Chinese Inward FDI Flows in Comparative Perspective.

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Individual Attitudes toward Chinese Inward FDI Flows in Comparative Perspective

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Abstract:
I investigate public opinion toward Chinese FDI inflows in advanced economies, comparing attitudes toward such investment with attitudes toward American and European FDI inflows. Specifically, I probe whether the threats of technology transfer and of social dumping associated with Chinese FDI resonate among the key target audiences. First, I expect managers to oppose Chinese FDI, while I do not expect similar opposition to American or European FDI. Second, I expect union members to oppose Chinese FDI, and to support European FDI more than they do American and, especially, Chinese FDI. Using original survey data from Switzerland, I find strong support for the expectations regarding managers. Surprisingly, union members do not oppose Chinese FDI, but they support European and to a lesser extent American FDI. The findings point to occupational characteristics and unions as key factors shaping FDI preferences, and suggest that the demand-side politics of Chinese inward FDI is unique.

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1. Introduction

The world economy is rapidly turning from "made in China" to "owned by China" (Nolan, 2012). China's growing overseas engagement through foreign direct investment (FDI) over the past decade has provoked mixed and often heated reactions around the world. The European Union has taken a more lenient stance toward Chinese inward FDI compared to the United States, where some high-profile deals were abandoned when they run into political opposition based on national security concerns (Frye & Pinto, 2009; Meunier, 2014; Tingley, Xu, Chilton, & Milner 2015). Yet, as China's buying spree intensified, the mood in Europe has been cooling down. Some politicians have started to openly criticize the acquisition of technology firms and leading brands, in particular by Chinese state-owned enterprises. Meanwhile, political criticism has turned into protectionism. In 2017, and again in 2018, Germany tightened its foreign investment law to increase its powers to block deals deemed to endanger national security, a law primarily aimed at Chinese takeovers (*Financial Times*, 2018a). Germany's tougher stance is part of a global backlash against Chinese acquisitions (*South China Morning Post*, 2018; *Blick*, 2018). In Europe alone, France, Hungary, Italy, Latvia, Lithuania, and the United Kingdom have recently strengthened or are in the process of strengthening their FDI screening regimes, while Belgium, the Czech Republic, the European Union, Greece, the Netherlands, Slovakia, Sweden and Switzerland are considering setting up or strengthening investment review mechanisms (Baker McKenzie, 2019; *SRF*, 2019).

Although protectionist sentiment toward Chinese takeovers has been growing in advanced economies in recent years, we know virtually nothing about what economic and socio-cultural factors drive individuals' opposition to Chinese incoming FDI. One key challenge has been data availability, since existing surveys typically probe opinions about the growing economic importance of China, the alignment of interests between a given country and China when dealing

with globalization, bilateral trade relations, etc, but not the views individuals hold on Chinese inward FDI. So far, only a few studies have investigated the determinants of individual attitudes toward FDI. Using observational data, scholars have found preferences over "generic" FDI to be egocentric based on broad factors such as labor's skill level (Pandya, 2010). Using survey experiments, others have established that the country of origin of the foreign investors is a significant determinant of levels of opposition, with Chinese FDI most strongly opposed (Jensen & Lindstädt 2013), and that the policies that other countries adopt shape public attitudes toward FDI (Chilton, Milner, & Tingley, 2017). While the former do not consider the possibility that the pattern of opposition to Chinese FDI might differ from the pattern of opposition to foreign investment in general, the latter consider how attitudes vary depending on key features of the transactions -- country of origin of the investors, reciprocity, but also size of the acquired firm, ownership of the investor amongst others (Chilton et al., 2017) -- but not how individual-level characteristics of the respondents shape their attitudes toward FDI.

I contend that individual attitudes toward Chinese FDI are indeed unique because of unique features of Chinese investment and/or of the Chinese political economy (Meunier, Burgoon, & Jacoby, 2014). I focus on what are arguably the main fears related to the potentially negative economic consequences arising from Chinese FDI in advanced economies. The first concern is the fear (or threat) of technology transfer or theft and shop closure associated with asset stripping strategies. I argue that managers will be particularly preoccupied by this issue and therefore be strongly opposed to Chinese incoming investment. The second concern associated with Chinese investment is social dumping, that is the threat Chinese investors might pose to workers' interests by undermining collective bargaining institutions and lowering labor (and social) standards. Given China's comparative advantage in low-skill, low-wage and low value-

added production, and Chinese employers' poor reputation in dealing with workers at home and abroad, I expect trade union members to oppose Chinese investment.

To probe the uniqueness of attitudes toward Chinese investment, I design a comparative study. The comparative dimension consists in comparing attitudes toward foreign investment from China, the United States (US), and Europe in one advanced industrial country. In comparative perspective, I argue that asset striping is a threat that is most strongly associated with Chinese inward investment, such that managers will not display similar opposition to American or European incoming investment. As far as labor market effects are concerned, although workers and their representatives ought to be ambivalent about inward FDI and perhaps even welcome such investment, investors from communist China and from liberal America might have a poorer reputation among workers and their representatives than their counterparts from social Europe. Accordingly, I expect trade union members to less strongly support American and, especially, Chinese FDI than they do support European investment.

To test these hypotheses, I use original survey data from my topical module on Swiss foreign economic relations that was designed specifically for this study and fielded as part of a nationally representative survey – the "Measurement and Observation of Social Attitudes in Switzerland" (MOSAiCH) cross-sectional survey – in 2015. The module and the broader survey in which it is integrated allow to adjudicate between various material self-interest explanations and to examine the effect of union membership, while controlling for key socio-demographic characteristics of the respondents, their ideology, pre-existing cultural disposition, socio-tropic perceptions, opinions on international trade, and, importantly, their understanding of economic issues. In short, I have a unique dataset that allows to systematically investigate attitudes toward Chinese FDI at a point in time when Chinese investment gained traction across advanced

economies, and to test arguments about the uniqueness of Chinese investment by comparing the attitudes of Swiss citizens toward inward FDI from China, the US, and Europe.

The empirical analysis confirms the prominent role of managers in the politics of Chinese inward FDI, on the one hand, and the distinctiveness of the politics of Chinese inward FDI, on the other hand. First, I find strong support for the expectations regarding managers' inward FDI preferences. Swiss managers oppose Chinese FDI inflows, while they do not oppose either American or European FDI. Second, I do not find empirical evidence that trade union members oppose Chinese investment. However, I find that they support European FDI and, to a lesser extent, American FDI, where they do not support Chinese FDI. In all, the findings suggest that the fear of technology transfer, rather than the fear of social dumping, drives the opposition to Chinese FDI in advanced economies and that the demand-side politics of Chinese inward FDI is indeed unique.

To my knowledge, this is the first study using observational data that investigates individual-level determinants of citizens' attitudes toward FDI inflows from China in comparative perspective in an advanced economy. The paper makes four main contributions. First, it speaks to ongoing debates about whether foreign economic policy preferences are egocentric (e.g., Scheve & Slaughter, 2001; Mansfield & Mutz, 2009, 2013; Fordham & Kleinberg, 2012; DiGiuseppe & Kleinberg, 2018), and if so, on what basis -- factors, firms or occupations (Pandya 2010; Bearce & Tuxhorn, 2017; Owen & Johnston, 2017)? Second, it adds to the literature on whether trade unions influence their members' preferences over foreign economic policy (Ahlquist, Clayton, & Levi, 2014; Kim & Margalit, 2017)? While these debates have mainly focused on trade, this paper focuses on inward FDI. Third, by systematically comparing attitudes toward foreign investment from China, the US and Europe, I contribute to the debate on whether China is unique among international investors. Finally, there is good

reason to believe that public attitudes toward Chinese FDI are substantively important for broader outcomes of interest, such as actual restrictions on Chinese FDI. While public preferences do not directly translate into policy but are filtered through domestic political institutions which aggregate conflicting societal interests and condition the bargaining between opposing groups (Lake, 2009), in democracies due to electoral accountability there is a fair amount of consistency between public opinion and public policy in the medium to long term (Monroe, 1979).

2. Literature and Argument

While there is a plethora of studies on individual trade policy preferences, much less is known about individual-level FDI policy formation. The Heckscher-Ohlin (H-O) and Ricardo-Viner (R-V) models of international trade are the workhorse models from which the trade policy preferences of individual people are traditionally derived. "New" new trade theory's (NNTT) approach to heterogeneous firms (Melitz, 2003) predicts individual trade policy preferences to flow from firm-level characteristics such as productivity that vary within industry rather than from the relatively abundant or scarce supplies of broad factors of production such as capital, labor, and land (as in H-O), or from sectors that are export- or import-competing (as in R-V). The literature has also identified home ownership (Scheve & Slaughter, 2001), nationalism (O'Rourke, Sinnott, Richardson, & Rodrik, 2001), education (Hainmueller & Hiscox, 2006), consumer prices (Baker, 2005), concerns for national economic performance (Mainsfield & Mutz, 2009), amongst others, as factors that influence individual trade policy preferences.

Studies on the determinants of public support for FDI flows have tended to focus on how skills influence individual support for FDI inflows (Pandya, 2010; see also Kaya & Walker, 2012). Building on a specific factors model that assumes industry-specific capital and labor mobility, Pandya (2010) argues that workers are likely to support FDI inflows because it

increases their wages via higher labor demand (or via lowers product prices), and that skilled workers have a higher probability of supporting foreign investment because they are the greatest beneficiaries of FDI inflows. The logic is as follows. Capital inflows into an industry increase worker productivity. Higher productivity among multinational companies reinforces this effect because they tend to be technological leaders that introduce more efficient systems of work organization and production than do domestic firms. At this higher marginal revenue product, foreign firms expand production, hiring workers away from domestic firms by offering higher wages. Given labor mobility, these gains accrue to all workers in the economy. In short, firms re-establish the equality of wages and marginal revenue at a higher wage level, with the implication that the returns of domestic capital owners decline as a share of capital income is redistributed to workers in the form of higher wages. Labor gains, skilled labor gains even more. Using public opinion data from 18 Latin American countries in the late 1990s and early 2000s the author finds that preferences over FDI are a function of FDI's effects on income.

Linsi (2017) distinguishes between mass attitudes toward two main types of inward FDI, namely Greenfield investment and mergers and acquisitions (M&As). Using nationally representative data from his own survey fielded in 2016 in the United Kingdom, he shows that older individuals (born before 1960) are more likely to oppose M&As (but not Greenfield investment) than younger individuals (born after 1975). The explanation provided is socialization during late adolescence and early adulthood: older cohorts grew up in a period where the public economic discourse, characterized by economic statism, was hostile to M&As whereas younger cohorts were socialized in the neoliberal era starting in the 1990s where foreign takeovers were increasingly seen as inevitable and economically beneficial.

A study by Chilton et al. (2017) examines whether the FDI policies that other countries adopt influence public support for inward FDI flows. Drawing on survey experiments in the

United States and in China, countries with relatively low and high barriers to foreign FDI, respectively, they find that reciprocity is an important determinant of public opinion toward inward FDI flows. Specifically, their results suggest that a significant driver of individual support for foreign acquisitions is whether the potential investments are from countries that allow reciprocal investments. Note that the Chinese and American respondents reacted to the reciprocity treatment in a similar way.

Until recently, we knew very little about whether the country that the foreign investment originates from is a major determinant of opposition to foreign FDI. This question has come to the fore with the sharp rise of investment from emerging market economies, particularly from China, into advanced economies in the past decade. A few studies have focused on meso-level political reactions to Chinese outward investment. Frye and Pinto (2009) examine the politics of Chinese inward investment in the United States by focusing on the preferences and degree of opposition amongst decision-makers and key stakeholders based on content analysis of media outlets and official publications. In a similar vein, Tingley et al. (2015) examine factors that influence political opposition to Chinese mergers and acquisitions in the United States. The main results are that American policy-makers are more likely to oppose Chinese acquisitions when the target firm is in an industry that is sensitive to national security, when the target firm is large, and when the targeted firms are in industries experiencing economic hardship and high unemployment.

Two studies have investigated the effect of the country of origin of foreign investment using survey experiments, with similar results. Jensen and Lindstädt (2013) find that American and British respondents were significantly more likely to say that German investment was good for their respective countries than was the case for Saudi Arabia investment. Similarly, American respondents were less likely to support Chinese investment than “generic” foreign investment. In

their study on the relationship between reciprocity and support for FDI in the United States, Chilton et al. (2017) corroborate the above findings regarding investment from China and Saudi Arabia. They also find that the American public is more receptive of investment from Japan.

One of the main challenges to study public opinion on FDI inflows from China (or other emerging market economies for that matter) in advanced economies has been the lack of data. Existing national and cross-national surveys do not include the relevant questions or probe facets of globalization that at best only provide a very crude proxy for Chinese investment (Burgoon & Raess, 2014). We need better, unequivocal survey questions to gauge individual attitudes toward Chinese FDI inflows. By designing my own topical module and by fielding it as part of a nationally representative survey in Switzerland, the present paper addresses this limitation.

Among the potential negative economic consequences arising from Chinese investment in advanced economies, I argue that one of, if not the main, concern is the transfer of technology and know-how. Studies of Chinese FDI in developed countries indicate that it is mainly motivated by market-seeking goals (Buckley, Clegg, Cross, Liu, Voss, & Zheng, 2007; Kolstad & Wiig, 2012). However, strategic asset-seeking FDI where Chinese investors acquire advanced technologies, human capital, technical and/or managerial know-how, and internationally recognized brands, is on the rise (Child & Rodrigues, 2005; Amighini, Rabellotti, & Sanfilippo, 2013; Vecchi & Brennan, 2014; Curran, Lv, & Spigarelli, 2017). The prevalence of M&As as a mode of entry further indicates that Chinese firms are rapidly acquiring technology and know-how (Deng, 2009; Hanemann & Huotari, 2015).

Against this background, fears of asset stripping by Chinese investors are rife. Asset stripping refers to a corporate strategy that strips bare the assets of the acquired company, closes shop, and moves the highly valued assets back home. Chinese firms, private and public alike, may seek host-country strategic assets to overcome their inherent disadvantage as late developers

(Kedia, Gaffney, & Clampit, 2012) while facing incentives to transfer technology and know-how to exploit home country locational advantages such as access to low-cost labor or less stringent regulatory environments. Chinese state-owned enterprises (SOEs), whose foreign investments are arguably driven by political motives, may have a particularly strong predisposition to reorganize operations according to industrial policy directives and thus to move strategic assets back home in the aftermath of M&As.

I argue that managers in advanced economies will be particularly concerned about the real or threatened cross-border transfer of strategic assets associated with Chinese investment for several reasons. First, high-ranked managers bear the ultimate responsibility for the success and survival of the companies they run. Managers fear plant closures or the winding down of staff associated with asset stripping corporate practices because they are concerned about jobs in their organizations, including their own. They also fear the negative consequences the theft and transfer of assets that are specific to particular locations might have on firm profitability. They worry because their reputation as competent and successful managers is at stake.

Second, managers are likely to be aware and concerned about the lack of reciprocity on the regulation of inward foreign investments. Chief executives and senior managers are best placed to know about the restrictions imposed on foreign direct investment in China. Since China opened its economy to foreign investors, it has pursued an active industrial policy which seeks to acquire state-of-the-art technology by requiring foreign investors to enter joint ventures with Chinese firms. Advanced economies are typically more open to foreign investment than China is (Zhang & van den Bulcke, 2014; Chilton et al., 2017). Against this background, managers may well oppose incoming investment from China, not least because asset striping has the potential to place domestic firms at a double disadvantage, not only in China but also at home. Managers and politicians in advanced countries are increasingly vocal on the issue of high barriers to foreign

FDI in China. For instance, the Trump administration has accused the Chinese to steal intellectual property from American firms to justify the imposition of tariffs on Chinese imports (*Financial Times*, 2018b).

Finally, managers also fear that they will be replaced and have less power and influence as agents. There is a real risk that Chinese managers take over key leadership and management roles. This is likely to be the case especially in SOEs, whose internationalization strategy responds to industrial policy objectives dictated by the Chinese state. A large number of Chinese firms going abroad are SOEs. Among the top 100 Chinese firms ranked by their OFDI stock in 2015, just over three quarter (77) are SOEs (MOFCOM, 2016). Moreover, even some of the non-SOE firms on the list, such as Huawei, have close connections with the Chinese government.

The threat of asset stripping is strongly linked to Chinese investment due to China's status as late developer, the predominance of SOEs among internationalized firms, and the fact that it is the second largest economy and an autocratic country aspiring to play an even more significant, if not hegemonic, role in world politics. In any case, FDI among high income countries are not associated with the same level of fear related to potential transfer and theft of technology and know-how. Arguably, managers in advanced economies might be particularly receptive of American FDI due to economic self-interest. Hopkin, Jaupart and Linsi (2018) argue that American investors act as a channel for the transmission of a US-style culture of executive pay practices abroad. Using micro-level data on executive pay and firm ownership structures in the United Kingdom between 2000 and 2015, they find that increases in ownership by American investors results in sizable pay increases for senior managers in British firms.

In the aggregate, Chinese FDI ought to deliver the same economic benefits as other FDI flows. Benefits to managers of inward investment are more capital and new market opportunities abroad (by tapping into the distribution network of the acquiring firm in its home market) which

allows firms to operate more efficiently across borders, reducing production costs, increasing economies of scale and promoting specialization. Yet, in the case of Chinese investment, for managers the risk of asset stripping might well trump the economic benefits. In any event, this forms the basis for the first two hypotheses:

Hypothesis 1a: Managers in advanced economies oppose Chinese FDI inflows.

Hypothesis 1b: Managers in advanced economies oppose Chinese FDI inflows while they do not oppose American or European FDI inflows.

The other major economic concern with Chinese investment is social dumping, that is, the worsening of labor standards and the hollowing out of protective labor market institutions such as collective bargaining arrangements. To the extent that this fear has any material basis and thus any political traction, I expect it to be of primary concern to trade unions and, by extension, rank-and-file union members. That said, the fear of technology transfer and linked job losses is likely to be a big concern not only for managers but also for unions.

Trade unions stand for the interests of workers in their dealings with employers. Historically, they have pushed for, and often obtained, improved working conditions through negotiated collective agreements, worker-friendly labor legislation (e.g. right to organize, right to strike, employment protection) and welfare compensation (e.g. unemployment insurance) to protect workers from the vagaries of national and international markets.

Trade unions in advanced countries have taken an ambivalent but mostly critical stance toward international trade, not least out of solidarity with the losers of trade (Ahlquist et al., 2014), but also due to concerns that increased international trade competition might lead to a race to the bottom in labor standards (Hafner-Burton, 2009; Raess, 2014). From the perspective of labor, FDI has less severe distributional consequences than trade. On the one hand, FDI increases

the demand for all workers, especially skilled workers (Pandya, 2010). As FDI leads to higher employment and wages, trade unions ought to be supportive of incoming foreign investment. Also trade unions prefer FDI over portfolio investment because FDI are a type of investment with a longer time horizon. On the other hand, FDI increases the elasticity of labor demand because multinational enterprises are able to shift production across borders, thereby reducing the bargaining power of all workers in relation to employers (Rodrik, 1997; Scheve & Slaughter, 2004). Accordingly, unionized workers, irrespective of their skill level, face incentives to support the erection of barriers on inward FDI. In an analysis of American industries between 1981 and 2000, Owen (2013) finds higher levels of unionization to be associated with greater restrictions on inward FDI (see also Owen, 2015). In short, trade unions are likely to be ambivalent on the desirability of inward FDI.

I argue that how trade unions perceive inward FDI in advanced economies will be tainted by who the foreign investors are (country of origin of the investor). Specifically, trade unions are likely to be pro or contra certain types of inward FDI depending on how foreign investors treat their own workers at home. The degree of social embeddedness of markets in the investing country may serve as a cue for the treatment of workers by employers.

In spite of the Chinese political economy officially being a socialist market economy and a communist regime, suggesting a system that places the interests and well-being of workers first, labor rights and working conditions in China rank amongst the lowest in the world. Over the past decades, China has become the workshop of the world, establishing itself as a low-wage producer and a country that flouts labor laws in its own workplaces. One important part of China's economic development strategy has been to liberalize labor market regulations in order to attract foreign investment (Gallagher, 2005). While successive labor reforms have significantly improved labor laws on the books, there is a compliance gap due to low enforcement capacity by

the Chinese state and persistent employer violations of labor rights (Estlund, 2017). Moreover, Chinese employers have sought to undermine existing industrial relations arrangements in host countries, such as in the Piraeus port in Greece (Meunier, 2015). In short, China and its employers have a bad press when it comes to protecting or promoting working conditions and labor rights at home and abroad. Hence the next hypothesis:

Hypothesis 2a: Trade union members in advanced economies oppose Chinese FDI inflows.

The political economies of advanced industrial countries vary in their institutional make-up (Hall & Soskice, 2001), including in the realms of labor relations and social policy. The United States is a liberal market economy (LME) characterized by the prevalence of individual bargaining and the absence of worker co-determination at the firm-level, so-called "hire and fire at will" employment regime, long annual working hours, and a lean welfare state. By contrast, most continental European economies are social market economies (SMEs) or coordinated market economies (CMEs), depending on the classification adopted, sharing worker-friendly institutions such as multi-employer collective bargaining, workplace worker participation through works councils, and generous social safety nets. For trade unions, foreign investment stemming from the United States might present a threat to existing employment relations and practices. Trade unions might rightly fear that American investors will engage workers (and their representatives) abroad on the same terms that they engage workers at home, namely union avoidance, flexibility (as opposed to employment security), and long working hours, etc.

While American investment might present a stronger threat to core trade union interests in CMEs than in LMEs, there are reasons to believe that trade unions in LMEs will nonetheless be critical of American investment. Trade unions typically stand for a more equal distribution of income. To the extent that American foreign investment drives upwards the income of top

executives in the acquired firms, as is the case in the United Kingdom (Hopkin et al., 2018), and thus leads to more unequal societies, trade unions are likely to be at best lukewarm toward such investment.

European investment is likely to be most aligned with workers' interests in CMEs and LMEs alike. European FDI in the aggregate proxies for continental European FDI and thus investment from SMEs/CMEs because most large European investing countries, with the major exception of the United Kingdom, are from continental Europe. Given that labor standards are superior in CMEs than in LMEs, trade unions in LMEs have no particular reason to fear European investment, quite the contrary. Regarding intra-CMEs foreign investment, because of similar institutional arrangements, the expectation is that European investors will reproduce their own, socially embedded industrial relations practices in their foreign subsidiaries. In these circumstances, trade unions are likely to be supportive of European investment. Hence the final hypothesis:

Hypothesis 2b: Trade union members in advanced economies more strongly support European FDI inflows than they do support American FDI inflows and, especially, Chinese FDI inflows.

3. Data

In order to test these hypotheses, the empirical analysis uses original data from a representative survey in Switzerland. I designed my own topical module entitled "Attitudes of Swiss citizens toward China as a source of investment and trade", which was selected on the basis of a competitive bid process for insertion in the MOSAiCH 2015 survey (Stähli, Joye, Sapin, Pollien, Ochsner, Nisple, & van den Hende, 2015). MOSAiCH,[1] a bi-annual cross-sectional survey, consists of two integrated surveys, the Eurobarometer in Switzerland and the

[1] For more information, see https://forscenter.ch/projects/mosaich/

Swiss version of the International Social Survey Programme. In 2015, the themes of the surveys were citizenship and the meaning of work. While the main survey was administered using the CAPI[2] interviewing technique, my module was part of the MOSAiCH 2015 drop-off which was delivered to all respondents of the face-to-face survey and conducted using paper and pencil mode. The drop-off questionnaire was collected from mid-February to mid-September 2015.[3]

My topical module with a variety of survey questions on Swiss foreign economic relations amongst others, embedded in the MOSAiCH survey, allows for a comprehensive assessment of Swiss citizens' attitudes toward Chinese inward FDI and a systematic comparison of Swiss attitudes toward Chinese, American and European inward FDI. The module also includes questions that allow me to test other factors that have been shown to drive support for FDI and economic openness more generally, including attitudes toward international trade, sociotropic perceptions, firm heterogeneity, and economic knowledge. The main survey provides key information on the socio-demographic and employment characteristics of the respondents, their nationalist disposition and political ideology.

While the choice of Switzerland is data related, Switzerland is a small open economy and a main destination of foreign investors and therefore a suitable case to address a question presented in a more general manner. The focus on the China-America-Europe comparison is justified by the relative importance of investment originating in these parts of the world in Switzerland. The EU is by far the largest, and the US the second largest, foreign investor in Switzerland while China is the fastest growing investor. According to figures from the Swiss National Bank (2016), European investors held 78% of FDI stocks (CHF 650 billion) in

[2] Computer-assisted personal interviewing.
[3] 77.1% of the respondents to the main survey answered the drop-off questionnaire.

Switzerland in 2015, whereas American investors held approximately 12% (CHF 98 billion).[4] Although official Swiss statistics are not available, official Chinese statistics show that Chinese outward FDI flows to Switzerland has been on the rise in recent years (Figure 1). While approximately 50 Chinese firms had a foothold in Switzerland in 2013/2014, more than 80 Swiss companies were in Chinese hands by 2018 (Kessler, Prandini, & Wu, 2014; *SWI swissinfo*.ch, 2018). Chinese firms are located in different Swiss cantons, are active in different industries, and are small and medium-sized companies (Kessler et al., 2014).[5] Moreover, China is Switzerland's main trading partner in Asia and its third-largest trading partner worldwide after the EU and the US. In 2013, Switzerland and China signed a free trade agreement, the second such agreement China entered with a European country.[6]

[Figure 1 about Here]

In comparative perspective, Switzerland receives neither exceptional nor particularly low levels of Chinese FDI. According to data from the Chinese Ministry of Commerce (MOFCOM, 2016), Chinese FDI stocks in Switzerland (in US$ millions) as a percentage of Swiss GDP (in US$ billions) was 0.91 in 2015. That year, the ratio for other small European economies was as follows: 0.88 for Austria; 1.14 for Belgium; 1.21 for Czech Republic; 0.61 for Greece; 4.73 for Hungary; 0.36 for Portugal; and 6.86 for Sweden. The EU average (for 21 countries for which data is available) was 1.65, driven up by the big economies of France (5.79), Germany (1.75) and

[4] In 2015, foreign companies invested CHF 68 billion in companies in Switzerland, of which CHF 51 billion originated in Europe. The single largest European investor was the UK (CHF 14 billion), followed by Luxembourg (CHF 14 billion), the Netherlands (CHF 9 billion), Austria (CHF 4 billion), Sweden and Belgium (CHF 2 billion each), and Germany and France (CHF 1 billion each).

[5] The acquisition of Swiss biotech giant Syngenta by ChemChina for $43bn in 2016 was at the time of its conclusion the largest ever transaction involving a Chinese company abroad. This deal took place after the data for the present study was collected.

[6] Earlier that year, Iceland and China concluded a free trade agreement.

the United Kingdom (5.82) who receive larger shares of Chinese FDI due to their large internal markets.[7]

Also, Chinese takeovers grab headlines not just in the United States (Frye & Pinto, 2009), but also in Europe and in Switzerland. In Europe, the increased salience of Chinese FDI occurred concomitantly with the surge of Chinese investment, which can be dated back to 2009, with the European crisis contributing to that surge (Meunier et al., 2014; Meunier, 2014). In Switzerland, Sinopec's acquisition of Geneva-based Addax Petroleum in the energy sector for (at the time) a record transaction of $7.2bn in 2009 marked the beginning of a wave of Chinese investment (see also Figure 1). The topic of Chinese acquisitions in Switzerland has received extensive coverage in the digital and print media in (at least) the two main linguistic regions (e.g., *La Liberté*, 2013; *Blick*, 2014; *NZZ*, 2015; *RTS*, 2015, 2016).

In all, these considerations suggest that the focus on Switzerland alone is not too narrow to make a general statement about attitudes toward Chinese FDI in advanced economies. If anything, the Swiss case is a conservative test, since it receives slightly below (EU) average Chinese FDI. I expect in particular the findings on managers to travel beyond Switzerland (see below the discussion section). While Switzerland is an advanced industrial economy leaning more toward the CME model (Hall & Soskice, 2001), it has hybrid features, not least due to a flexible labor market (Mach & Trampusch, 2011). In comparative perspective, the Swiss work long hours while collective bargaining coverage and employment protection are low. Accordingly, if anything, I would expect the fear surrounding Chinese FDI to be somewhat stronger in the more socially embedded CMEs and thus trade union members' opposition to be more pronounced in "pure" CMEs than in Switzerland.

[7] The ratio of Chinese FDI stock to GDP was 0.74 and 2.26 in Japan and the United States, respectively.

Dependent variables. The original survey question which forms the basis for the main dependent variable is: "Do you think that Chinese companies investing in Switzerland is good or bad for you?" This question picks up attitudes toward Chinese Greenfield investment and M&As because in the questionnaire it directly follows the question probing socio-tropic perceptions which refers to both types of Chinese FDI (see below the operationalization of socio-tropic perceptions). The question is repeated in relation to American companies as well as European companies, allowing to compare Swiss attitudes toward Chinese, American and European FDI. Answers are on a 5-point scale, as follows: 1=very bad; 2=somewhat bad; 3=neither good nor bad; 4=somewhat good; and 5=very good. The main dependent variable, *Pro-Chinese FDI,* is a dummy where 1 equals opinions that Chinese investment is good or very good (0 otherwise). Following a similar construction, I generate the dummies *Pro-American FDI* and *Pro-European FDI*.

Independent variables. The MOSAiCH survey has a question about the current (or past) occupation of respondents. This information is recorded according to the international standard classification of occupations (ISCO-08). The major groups are: 1) Managers; 2) Professionals; 3) Technicians and Associate Professionals; 4) Clerical Support Workers; 5) Services and Sales Workers; 6) Skilled Agricultural, Forestry and Fishery Workers; 7) Craft and Related Trades Workers; 8) Plant and Machine Operators and Assemblers; 9) Elementary Occupations; 0) Armed Forces Occupations. Managers are individuals who plan, direct, coordinate and evaluate the overall activities of enterprises, governments and other organizations (or of units within them), and formulate and review their policies, laws, rules and regulations. Unlike supervisors, classified in other major groups, they have authority to make decisions about the overall strategic and operational direction of a business or organizational unit, budgets, and the selection, appointment and dismissal of staff. In other words, they are high-level managers. The group of

Managers is divided into four sub-groups: 1) 11 Chief Executives, Senior Officials and Legislators (further sub-divided into minor groups 111 Legislators and Senior Officials and 112 Managing Directors and Chief Executives); 2) 12 Administrative and Commercial Managers (e.g., finance, human resource, policy and planning, sales and marketing managers); 3) 13 Production and Specialized Services Managers (e.g., manufacturing, information and communication technology services managers); and 4) 14 Hospitality, Retail and Other Services Managers (e.g., hotel and restaurant, retail and wholesale trade managers). To generate my manager variable I retrench the minor group 111 Legislators and Senior Officials (7 observations) from the major group 1) Managers. *Manager* is a dummy variable that takes the value of 1 if the respondent is a manager (0 otherwise).

To generate the trade union membership variable I use a survey question which asks whether individuals currently are, have been in the past, or have never been member of a trade union, an employees' association or an employers' association. By way of a statement placed before the set of answers, respondents are prompted to respond by excluding their membership in professional associations. In order to generate a variable narrowly capturing membership in trade unions, I retrench reported (past and present) membership in associations by managers (as defined above) as they are likely to be members of an employers' association rather than a trade union. *Trade union member* is thus equal to 1 if respondents (other than managers) are or have been a member of a trade union or of an employee association (0 otherwise). I focus on present as well as past members because a stint in trade unions provides exposure to union norms that union members internalize and that are likely to shape attitudes (Mosimann & Pontusson, 2017), and also because annual union membership turnover (i.e., annual in- and outflows) of 10-12 percent is a common feature of Swiss (and West European) union locals (Oesch, 2012).

Control variables. First, I control for the respondent's education level. *Education* is a five-category variable that is equal to 0 for completed secondary school or elementary vocational training (1-2 years), 1 for completed vocational training (3-4 years), 2 for completed high school (or equivalent), 3 for completed higher vocational training (including degree from a University of applied sciences), and 4 for completed higher education.

Second, I include three socio-demographic variables. *Female* is a dummy variable where female respondents equals 1. *Age* is the age of respondents in years. *Swiss-German* captures the linguistic region of the survey taker where 1 equals to Swiss-German or Romansh regions (0 if French- or Italian-speaking regions). This variable picks up differences that may exist in the framing of the survey questions in the various national languages as well as variation in perceptions rooted in different cultural identities.

Third, I include two variables to filter out the distributional effects trade has on workers and its impact on consumers by lowering prices. First, I control for attitudes toward Swiss-Chinese trade relations when estimating attitudes toward Chinese FDI, and for attitudes toward Swiss-European trade relations when estimating attitudes toward European FDI. The respective survey questions are as follows: "In 2013, Switzerland signed a trade agreement with China, reinforcing trade in goods and services. To what extent are you favorable to this policy led by the Confederation?"; and "The bilateral relations [with the EU] have reinforced trade in goods and services between Switzerland and the EU. To what extent are you favorable to this policy led by the Confederation?". Note that there is no equivalent survey question for Swiss-American trade relations since Switzerland and the United States have not concluded a bilateral trade agreement. I generated the dummies *Pro-China trade* and *Pro-EU trade* by recoding answers on a 5 point-scale into binary variables where 1 indicates being very favorable or rather favorable to the policy in question (0 if neither favorable nor unfavorable, rather unfavorable, or very unfavorable).

Second, a question elicited respondents' views on the idea that more open borders to trade decrease prices. *Trade lowers prices* is a binary variable that takes the value of 1 if respondents either fully agree or agree with the statement (0 if they neither agree nor disagree, disagree or fully disagree).

The baseline model controls for two information-based factors, namely nationalist dispositions and sociotropic perceptions. *Nationalism* measures opinions on "open borders and the intermingling of populations endanger important characteristics of Swiss culture" (1=fully disagree; 5= fully agree). Nationalist dispositions should negatively correlate with attitudes toward inward FDI because nationalists believe foreign influence to undermine their culture.

Sociotropic perceptions are measured as the opinions on how Chinese FDI inflows (respectively American and Europe FDI inflows) affect the country as whole. The relevant survey question reads "Some foreign companies invest in Switzerland, for example by creating or buying companies. Do you think it is a good or bad thing *for Switzerland* that [Chinese], [American], [European] companies invest in Switzerland?". The answers on a 5-point scale (1=very good, 2=somewhat good, 3=neither good nor bad, 4=somewhat bad, and 5=very bad) are recoded in such a way that *Perceived effect of China FDI on country* takes the value of 1 if respondents think Chinese FDI inflows are good or somewhat good for the country (0 otherwise). *Perceived effect of US FDI on country* and *Perceived effect of EU FDI on country* are generated in a similar way.

Due to lower coverage, the final three controls are added to the baseline model only one at the time, yet I include them jointly in a fully specified model. I control for self-perception of ability to understand (international) economics. *Economic knowledge* is measured as the respondent's answer on 5-point scale (1=fully disagree… and 5=fully agree) to the proposition "I understand rather well questions relating to the economy and to commercial relations with other

countries". It is important to control for economic knowledge as Rho and Tomz (2017) have shown that many voters do not understand the distributional consequences of foreign economic policies such as protectionism (see also Hainmueller & Hiscox, 2006). I also control for political ideology. *Right ideology* is measured as self-placement on a left-right scale for political ideology ranging from 0 (Left) to 10 (Right), which is recoded as a trichotomous variable with 0=Left, 1=Centre, and 2=Right. I expect individuals holding a right-wing ideology to be more supportive of inward FDI.

Finally, I control for the foreign business share of the firm in which respondents work. *% foreign business* is an ordinal variable capturing the relative importance of foreign business activities of the firm in which the respondent is employed, measured on a 4-point scale with 1=none; 2=some; 3=most; 4=all. This variable picks up within-industry firm heterogeneity as per "new new trade theory" (Melitz, 2003). NNTT makes a similar prediction about trade preferences as does the Ricardo-Viner sectoral model: individuals working for export-oriented firms ought to favor free trade. But this firm-based model predicts this variation to be based on the individual's specific business rather than on average industry exports-imports ratios, which has been the standard operational measure for testing the sectoral model. As intra-firm trade represents a significant share of world trade, FDI and trade tend to be complementary. The implication is that an individual working for a firm with a high share of foreign sales brought about through exports will tend to support outward FDI as it is associated with an enlargement of the firm's foreign business activities. By extension, such an individual should also support inward FDI because opposition to incoming investment is likely to spark foreign retaliations on outward FDI. In other words, I expect individuals employed in firm with a higher proportion of foreign business activities to more strongly support Chinese, American, and European inward FDI.

Industry dummies are included in all models.[8] I estimate probit regression models with robust standards errors clustered by industry. The results are virtually identical if I use logit models instead. Table A1 in the Online Appendix provides summary statistics for all the variables. In line with previous studies, I find that the level of support for Chinese FDI inflows in advanced economies is considerably lower than the support for FDI inflows from developed countries. I also find that the level of support for Chinese FDI in low in absolute terms. Only one in six (16.7%) Swiss citizens support Chinese FDI based on material self-interest whereas one in four (24.9%) and more than one in three (36.2%) support American and European FDI, respectively. About one in three (31.7%) Swiss individuals support Chinese investment based on socio-tropic considerations.

4. Results

I begin the empirical analysis with a series of models with *Pro-Chinese FDI* as dependent variable that include the two predictors and various control variables introduced above (Table 1). In the stripped-down model controlling for education and socio-demographic factors (Model 1), in line with Hypothesis 1a I find that the coefficient for *Manager* is negative and statistically significant at the 95% level. Managers more strongly opposed Chinese FDI inflows than non-managers. The coefficient for *Union member* is positive. However, the coefficient is not statistically significant. I thus do not find support for Hypothesis 2a.

In Model 2, I include views on Swiss-Chinese trade relations (*Pro-China trade*), opinions on how trade impacts consumers (*Trade lowers prices*), and nationalist sentiment (*Nationalism*) as additional controls. The coefficient for *Manager* remains negative but nearly doubles in size

[8] The industries are: 1) Agriculture; 2) Manufacturing; 3) Utilities; 4) Construction; 5) Retail and repair; 6) Transport and communication; 7) Hotel and restaurant; 8) Financial sector, real estate; 9) Industrial services; 10) Government sector; 11) Other services.

and is now statistically significant at the 99% level. The coefficient for *Union member* remains positive and statistically insignificant. Although the sample size decreases by 56 observations from Model 1 to Model 2, the explanatory power of the model, as measured by the pseudo R-squared, nearly triples to reach 0.230.

Model 3 presents the results for the baseline model where I additionally control for socio-tropic perceptions (*Perceived effect of China FDI on country*). The coefficient for *Managers* is again negative and highly statistically significant. The substantive effect of this variable is large: the odds that a manager is Pro-Chinese FDI is 0.40 times that of non-managers (a 60% reduction). The coefficient for *Union member* is now negative but remains statistically insignificant. The results further indicate that respondents who think the impact of Chinese FDI is good for Switzerland also think that Chinese FDI is good for them. Including the socio-tropic variable significantly increases the explanatory power of the model. The other statistically significant control variables are *Age*, *Swiss-German*, *Pro-China trade*, and *Nationalism*. Older individuals, Swiss-German respondents, and nationalists more strongly oppose Chinese FDI whereas individuals who support deeper bilateral trade relations are more receptive of Chinese FDI.

Controlling for individual's economic knowledge (Model 4), political ideology (Model 5), and firm-level exposure to trade (Model 6) does not change the main substantive results. As expected, the coefficients for *Economic knowledge*, *Right ideology*, and *% foreign business* are positive. However, none of the coefficients is statistically significant. Finally, the fully specified model (Model 7), which has the smallest number of observations (N=499) yet the highest explanatory power (pseudo R2=0.363), yields very similar results. To sum up, I find empirical evidence for only one of the fears commonly associated with inward Chinese FDI flows. In line

with Hypothesis 1a, the results suggest that managers oppose Chinese investment; contrary to Hypothesis 2a, trade union members do not oppose such investment.

[Table 1 about Here]

Table 2 displays the results for attitudes toward American FDI inflows as the dependent variable. In the stripped-down model (Model 1), the coefficient for *Manager* is positive and statistically insignificant. The coefficient for *Union member* is also positive and insignificant. These results remain unchanged when I control for opinion on trade leads to lower prices and nationalist sentiment (Model 2). The coefficient for *Manager* remains statistically insignificant in the baseline (Model 3) and the baseline+ models (Model 4-7). In those models, however, being a trade union member is positively and significantly associated with support for American inward FDI. With the exception of *Age* which tends to be insignificant and *% foreign business* which is significant, the (statistically significant) controls perform identically than in the models of attitudes toward Chinese FDI.

[Table 2 about Here]

Table 3 replicates the analysis this time for attitudes toward European FDI. The coefficient for *Manager* is negative and statistically insignificant in all the estimated models (Models1-7). By contrast, the coefficient for *Union member* is positive and statistically significant at conventional levels in all the models (Models 1-7). Trade union membership is thus positively associated with support for European FDI inflows. The substantive effect of this variable is sizeable: based on the baseline model (Model 3), the odds that a trade union members is pro-European FDI is 1.58 times that of an individual who does not belong to a trade union. Age and, especially, nationalist sentiment tends not to correlate significantly with support for European FDI, the latter result likely reflecting the smaller cultural distance between Switzerland and Europe than between Switzerland and the United States or China. Support for Swiss-EU

bilateral trade relations, socio-tropic perceptions, and firm-level exposure to trade all correlate positively with support for European FDI.

[Table 3 about Here]

Comparing the results of how managers view the quality of Chinese versus American versus European FDI (Tables 1-3), it turns out that manager opposition to inward FDI is unique to Chinese investment. I thus find support for Hypothesis 1b. Looking at trade union members' attitudes in comparative perspective (Tables 1-3), union members not only prefer European over Chinese FDI but they also prefer European over American FDI although the latter difference is clearly less pronounced. And yet, taking all models into consideration, the coefficient for union member as a determinant of support for American FDI is less significant and tends to be smaller in size than the comparable coefficient in the models of support for European FDI. Overall, the results provide support for Hypothesis 2b.

Interestingly, education is not a statistically significant predictor of Chinese, American, or European FDI. This result holds up if I use years of schooling as an alternative measure for education. By contrast, the share of foreign business is positively and significantly correlated with attitudes toward American and, especially, European FDI. Assuming complementarity between trade and FDI, one possible reason why foreign business share is only significant for European and American inward FDI is reciprocity, given that Swiss FDI into the EU and the US represents the lion's share of outward Swiss FDI. Alternatively, this could just be the result of how much more European and American investment into Switzerland there is. The size of the coefficients for % foreign business and level of significance follow the ranking of the three sources by proportion of inward FDI. In any case, I do not find any evidence suggesting that FDI preferences are egocentric on the basis of factors.

5. Robustness checks

I ran several checks to see how robust the results are to particular decisions made in terms of operationalization. First, I tested whether the results are robust to alternative measurement of the dependent variable. I used two alternative measures. Following Mansfield and Mutz (2009) I generated an alternative binary variable where individuals who refused to answer or expressed no opinion were assigned to the middle category ("3=neither good nor bad") and thus, as a result of the binary construction of the dependent variable, ended up with those individuals who think [Chinese][American][European] FDI is either very bad or somewhat bad (Models 8, Tables 1-3). The main substantive results hold up. Next, I generated an ordinal variable that takes the full range of values on the 5-point scale (1=very bad; … 5=very good) (Models 9, Tables 1-3). This is a hard test as it takes into account not just whether individuals are overall positive, negative or neutral with respect to incoming FDI from different countries, but also differences in their degree of support or opposition. Given how ignorant many citizens are about the distributional effects of foreign economic policies (Rho and Tomz 2017), one can reasonably doubt the accuracy of self-assessment of the extent of individual support or opposition to incoming FDI. In any event, the results corroborate the substantive findings regarding the attitudes of managers. Regarding the results for union members, the coefficient for *Union member* in the model with European FDI as dependent variable, albeit correctly signed, loses statistically significant (Model 9, Table 3).

Second, I restrict the sample to the working age population and exclude individuals who have never had a paid job (Models 10, Tables 1-3). I expect the main coefficients of interest to be larger in size in this reduced sample because labor market participants are directly affected by inward FDI whereas retried people and people who are in formation are not. This is exactly what the findings show.

Finally, the results are robust to alternative measurement of the trade union variable. If I do not retrench manager's membership in employee/employer association in the construction of the trade union variable, the results are similar. If anything the statistical significance of the positive correlations between trade union membership and attitudes toward European FDI is reinforced whereas the statistical significance for the associations between union member and pro-American FDI attitude is reduced, thereby providing a sharper contrast between union members' support for European vs. American FDI (and hence even stronger support for Hypothesis 2b).

6. Discussion

The motives for Chinese firms to expand in Switzerland and the FDI regulatory framework allow me to shed light on the nature of the opposition to Chinese FDI inflows by Swiss managers. First, based on interviews with (where possible European and Chinese) senior managers or CEOs at 20 Chinese companies located in Switzerland, a study found that "[T]he main motivations to settle in Switzerland are brand building, access to the label 'Switzerland' and strategic assets" (Kessler et al., 2014, p. 29). Second, the study also found that "[T]he Chinese government is a significant force behind the investment process of Chinese companies" (Kessler et al., 2014, p. 25). Third, Switzerland (and the EU and the US for that matter) is characterized by low regulatory restrictions on inward FDI whereas China continues to apply a number of discriminatory measures to foreign investors (Zhang & van den Bulcke, 2014). The regulatory environments for incoming FDI can be assessed based on the OECD's FDI Regulatory Restrictiveness Index, which measures the statutory restrictions on inward FDI (1 indicates full restriction; 0 no restrictions). The overall restrictiveness score in 2015 for Switzerland (0.083)

was considerably lower than for China (0.386).[9] In short, these are precisely the features of Chinese investment and contextual factors that were expected to arouse concerns from managers. These concerns are nicely summarized in the 2016 Situation Report by the Swiss intelligence agency, indicating, by the way, that they are increasingly shared by politicians:

> "Chinese companies and investors have a particular interest in this country's industrial and financial sectors and in innovative companies, for Switzerland is a world leader in areas in which China still has some catching up to do. Through takeovers of Swiss companies and increasingly also Swiss hotels, China is attempting to secure the know-how that it desires and to acquire Swiss brands together with their good reputations. However, cooperation with China is not based on the principle of reciprocity. Beijing does not grant its foreign trading partners the same access to the Chinese sales and investment market as is granted to Chinese companies abroad. A number of branches of the economy and of the financial market are closed off by the state's protectionist industrial policy" (FIS 2016, p. 31).

While the concerns of managers are unique to Chinese investment, they are unlikely to be unique to Swiss senior executives. They are likely to be observed among high-level managers in other advanced industrial countries because the features of Chinese investment and FDI regulatory contexts in these countries are very similar to those in Switzerland.

To shed further light on the observed union membership results, I examine the influence trade unions may exert on the foreign economic policy views of their members (Kim & Margalit, 2017). To do this, I leverage a survey question which asks respondents to give their opinion (on a 5-point scale) on the proposition "workers need unions". Affirmative answers can be interpreted as support for the view that unions are good for workers. *Pro-union* attitude equals 1 if respondents answer fully agree or somewhat agree (0 otherwise). Needless to say perhaps, individuals can express sympathy for unions, for instance due to belief in norms of solidarity or equality, without being a union member. Indeed, the coefficient of correlation between *Union*

[9] In the sample of 23 EU countries for which data is available the overall restrictiveness index was 0.033 whereas for the US it was 0.089. The OECD average was 0.066. Data source is OECD.Stat, OECD FDI Regulatory Restrictiveness Index (database accessed on December 12, 2018).

member and *Pro-union* is 0.15. If unions shape their members' preferences on foreign economic policies, it ought to occur through the dissemination of information via internal channels of communication such as trade union magazines and propaganda materiel. In short, to the extent that one finds an effect for union membership but not for pro-union attitude, this would suggest that trade unions are a prime vehicle for FDI preference formation among rank-and-files.

In Table 4 I re-ran the baseline models (Model 3) from Tables 1-3 this time including the *Pro-union* variable. The coefficients for *Pro-union* do not return statistically significant in any of the models. Comparing the results for *Union member* and *Pro-union* suggests that trade unions appear to play a critical role in socializing their members into holding particular views about inward FDI. Future research ought to perform content analysis of trade union publications and carry out interviews with union officials to help unearth how trade unions perceive inward FDI from different countries, whether the origins of capital influence what they say and do, and if so why, in order to see whether there is indeed a congruence between the views held by union officials and those held by rank-and-files as observed in this study.

[Table 4 about Here]

What might explain the lack of opposition of Swiss trade union members in to incoming Chinese FDI? For one, trade union officials might perceive Chinese investors, especially Chinese SOEs, to be "patient capitalists" who operate with a long term horizon that dovetails with workers' interests.[10] Second, they might view Chinese investment to be long term projects driven by strategic considerations and market access motivations. Third, Chinese investors might be given the benefit of the doubt given the lack of prior experience with such investors. These considerations might well balance out fears of social dumping.

[10] On China's state-led capitalism as an important form of patient capital, see Kaplan (2016).

7. Conclusion

This paper examines the demand-side politics of China's "go global" strategy by focusing on attitudes individuals in advanced economies hold toward incoming Chinese investment. I expect the fears of the transfer of technology and know-how and of social dumping to drive attitudes toward Chinese FDI inflows, fears that should be best captured by negative attitudes toward such investment by managers and union members, respectively. Moreover, by comparing attitudes toward Chinese FDI with attitudes toward American and European FDI, I test whether the determinants of Chinese FDI inflows are distinctive. While I expect the fear or threat of asset stripping to be unique to Chinese FDI, I expect the fear or threat of social dumping to hold for Chinese FDI and to a lesser extent for American FDI.

Using original data from a representative national survey fielded in Switzerland, I find that managers strongly oppose Chinese FDI whereas they do not oppose American or European FDI. The results further suggest that FDI preferences are egocentric on the basis of occupations (and firms), not on the basis of broad factors such as skill level. Against the expectations, I do not find that trade union members oppose Chinese incoming investment (but neither do they embrace such investment). However, I find that union members support European FDI more strongly than they do support American FDI and, especially, Chinese FDI. Supplementary analysis suggests that what trade unions think and do appears to influence how trade union members perceive FDI inflows originating from different countries. In short, the analysis suggests that the fear of technology transfer/asset stripping is the key driver of opposition to Chinese FDI and that the demand-side politics of Chinese inward FDI is unique. The lack of support by the rank-and-files of two powerful interest groups (employers and unions) implies a narrow basis of support for Chinese FDI in advanced economies. China is walking on thin ice with its global buying spree.

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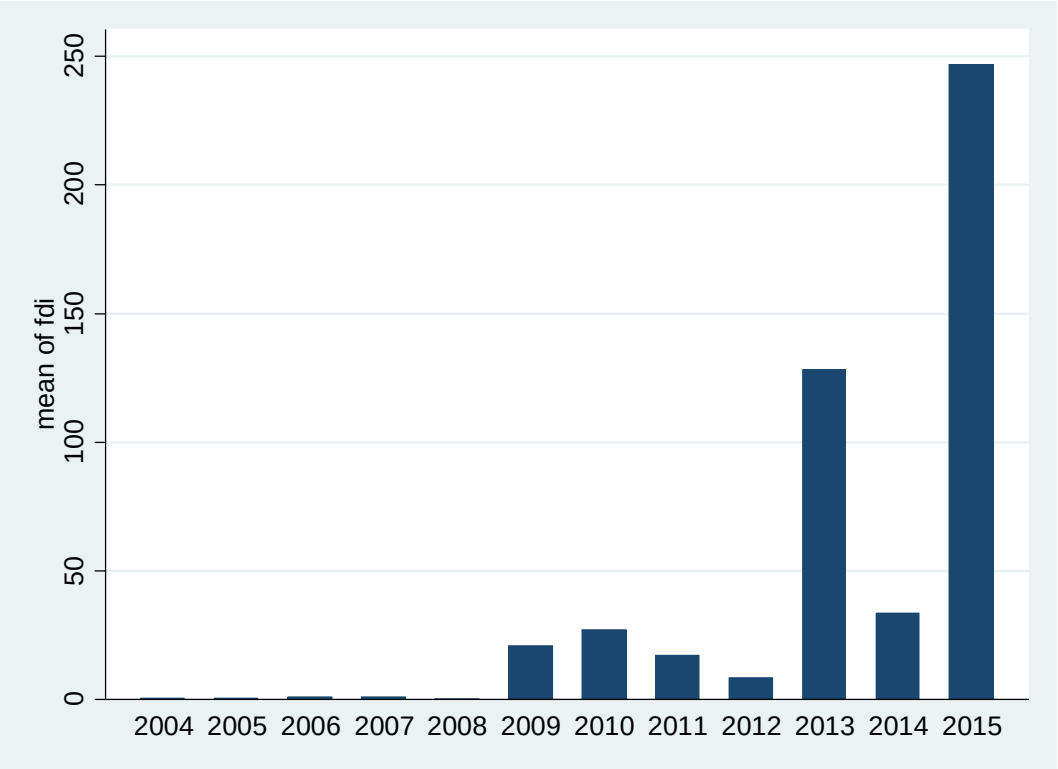
Figure 1. Chinese outward FDI to Switzerland (in million US$), 2004-2015



Data source: MOFCOM (2008, 2016)

Table 1. Attitudes toward Chinese FDI inflows

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Manager	-0.249**	-0.450***	-0.449***	-0.433***	-0.471**	-0.444**	-0.430**	-0.410**	-0.284**	-0.681***
	(0.104)	(0.139)	(0.169)	(0.147)	(0.185)	(0.211)	(0.208)	(0.167)	(0.129)	(0.229)
Union member	0.084	0.065	-0.028	0.020	-0.097	0.026	-0.011	-0.042	-0.096	0.139
	(0.194)	(0.192)	(0.223)	(0.228)	(0.227)	(0.228)	(0.230)	(0.212)	(0.117)	(0.208)
Education	0.063	-0.023	-0.060	-0.070	-0.097	-0.037	-0.081	-0.051	0.045	-0.085
	(0.041)	(0.052)	(0.069)	(0.075)	(0.077)	(0.073)	(0.073)	(0.074)	(0.042)	(0.104)
Female	-0.472***	-0.355*	-0.167	-0.119	-0.179	-0.246	-0.201	-0.200	0.038	-0.192
	(0.163)	(0.201)	(0.182)	(0.155)	(0.179)	(0.167)	(0.163)	(0.196)	(0.142)	(0.197)
Age	-0.011***	-0.014***	-0.013***	-0.015***	-0.014***	-0.017***	-0.021***	-0.013***	-0.005***	-0.012**
	(0.003)	(0.003)	(0.004)	(0.005)	(0.004)	(0.004)	(0.004)	(0.004)	(0.002)	(0.005)
Swiss-German	-0.241	-0.447**	-0.480**	-0.456**	-0.546***	-0.551***	-0.603***	-0.521***	-0.020	-0.330
	(0.185)	(0.200)	(0.203)	(0.183)	(0.174)	(0.201)	(0.190)	(0.178)	(0.156)	(0.228)
Pro-China trade		1.389***	0.917***	0.875***	0.906***	0.960***	0.910***	0.838***	0.824***	0.947***
		(0.148)	(0.153)	(0.143)	(0.161)	(0.204)	(0.197)	(0.172)	(0.080)	(0.141)
Trade lowers prices		0.056	0.031	-0.009	0.073	0.045	0.044	0.046	0.020	-0.032
		(0.189)	(0.185)	(0.185)	(0.183)	(0.223)	(0.219)	(0.175)	(0.110)	(0.182)
Nationalism		-0.089*	-0.133**	-0.122**	-0.198**	-0.114*	-0.147	-0.104*	-0.091***	-0.200***
		(0.050)	(0.059)	(0.061)	(0.089)	(0.067)	(0.112)	(0.056)	(0.031)	(0.056)
Perceived effect of			1.173***	1.118***	1.209***	1.224***	1.223***	1.137***	1.226***	1.170***
China FDI on country			(0.131)	(0.146)	(0.120)	(0.128)	(0.126)	(0.128)	(0.111)	(0.129)
Economic knowledge				0.157			0.253**			
				(0.148)			(0.123)			
Right ideology					0.125		0.097			
					(0.137)		(0.165)			
% foreign business						0.024	-0.038			
						(0.112)	(0.119)			
Constant	-4.933***	-3.823***	-4.773***	-5.141***	-4.693***	-4.676***	-4.409***	-4.811***		-4.814***
	(0.242)	(0.306)	(0.378)	(0.540)	(0.338)	(0.333)	(0.471)	(0.368)		(0.429)
Observations	671	615	596	573	562	546	499	685	596	465
Pseudo R2	0.082	0.230	0.327	0.319	0.342	0.346	0.363	0.319	0.188	0.333

Notes: Robust standard errors in parentheses, clustered over industry; industry dummies not shown; *** p<0.01, ** p<0.05, * p<0.1

Table 2. Attitudes toward American FDI inflows

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Manager	0.092	0.084	-0.049	-0.024	-0.091	0.036	-0.010	-0.040	-0.094	-0.018
	(0.188)	(0.169)	(0.138)	(0.149)	(0.131)	(0.149)	(0.157)	(0.134)	(0.132)	(0.263)
Union member	0.126	0.100	0.242**	0.297**	0.228**	0.317***	0.327***	0.211**	-0.006	0.279*
	(0.094)	(0.113)	(0.112)	(0.121)	(0.115)	(0.099)	(0.102)	(0.106)	(0.112)	(0.154)
Education	0.052	0.030	-0.011	-0.018	-0.020	-0.018	-0.030	-0.005	0.028	-0.038
	(0.042)	(0.044)	(0.047)	(0.054)	(0.051)	(0.047)	(0.055)	(0.053)	(0.023)	(0.070)
Female	-0.119	-0.150	-0.048	-0.037	-0.066	-0.107	-0.109	-0.106	0.034	-0.040
	(0.108)	(0.112)	(0.109)	(0.114)	(0.121)	(0.102)	(0.117)	(0.121)	(0.102)	(0.176)
Age	-0.004	-0.004	-0.005	-0.006	-0.005	-0.007*	-0.007*	-0.005	-0.0048**	-0.006
	(0.003)	(0.003)	(0.003)	(0.004)	(0.003)	(0.004)	(0.004)	(0.004)	(0.002)	(0.005)
Swiss-German	-0.213	-0.236	-0.357***	-0.369***	-0.390***	-0.421***	-0.452***	-0.412***	-0.127	-0.295
	(0.156)	(0.164)	(0.136)	(0.141)	(0.134)	(0.129)	(0.137)	(0.116)	(0.108)	(0.196)
Trade lowers prices		0.214*	0.052	0.032	0.075	0.060	0.080	0.082	0.096	-0.041
		(0.122)	(0.123)	(0.126)	(0.128)	(0.140)	(0.147)	(0.108)	(0.066)	(0.184)
Nationalism		-0.143***	-0.142***	-0.136***	-0.152**	-0.133**	-0.125*	-0.138***	-0.132***	-0.187***
		(0.049)	(0.049)	(0.047)	(0.063)	(0.053)	(0.075)	(0.047)	(0.039)	(0.046)
Perceived effect of US			1.454***	1.410***	1.421***	1.383***	1.320***	1.368***	1.457***	1.424***
FDI on country			(0.143)	(0.139)	(0.135)	(0.145)	(0.132)	(0.141)	(0.133)	(0.153)
Economic knowledge				0.047			0.074			
				(0.131)			(0.120)			
Right ideology					0.064		0.034			
					(0.081)		(0.097)			
% foreign business						0.132**	0.114*			
						(0.058)	(0.065)			
Constant	-1.253***	-0.788***	-0.929***	-0.875**	-0.948***	-0.853***	-0.930**	-1.108***		-0.688**
	(0.199)	(0.271)	(0.260)	(0.364)	(0.258)	(0.297)	(0.432)	(0.277)		(0.269)
Observations	690	655	631	604	593	576	525	725	631	490
Pseudo R2	0.048	0.070	0.258	0.253	0.255	0.256	0.248	0.244	0.165	0.259

Notes: see Table 1

Table 3. Attitudes toward European FDI

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Manager	-0.060	-0.066	-0.111	-0.122	-0.166	-0.070	-0.141	-0.101	-0.125	-0.040
	(0.229)	(0.228)	(0.295)	(0.283)	(0.292)	(0.303)	(0.284)	(0.280)	(0.221)	(0.361)
Union member	0.259**	0.257**	0.276**	0.328**	0.228*	0.335***	0.310***	0.290**	0.083	0.384***
	(0.105)	(0.121)	(0.140)	(0.140)	(0.131)	(0.118)	(0.107)	(0.129)	(0.114)	(0.142)
Education	0.033	0.0001	-0.054	-0.075	-0.075	-0.068	-0.098	-0.057	0.012	-0.076
	(0.049)	(0.048)	(0.062)	(0.067)	(0.064)	(0.066)	(0.068)	(0.071)	(0.046)	(0.083)
Female	-0.235***	-0.225***	-0.191	-0.166	-0.224**	-0.234*	-0.264***	-0.262**	-0.156	-0.272*
	(0.077)	(0.075)	(0.119)	(0.125)	(0.105)	(0.120)	(0.100)	(0.125)	(0.103)	(0.143)
Age	-0.0002	-0.002	-0.004	-0.004	-0.004	-0.006**	-0.006**	-0.005	-0.003	-0.008
	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.005)
Swiss-German	-0.154	-0.198	-0.292*	-0.302*	-0.339**	-0.342**	-0.379**	-0.361***	-0.229	-0.232
	(0.170)	(0.170)	(0.160)	(0.161)	(0.160)	(0.154)	(0.156)	(0.138)	(0.141)	(0.192)
Pro-EU trade		0.475***	0.337**	0.315**	0.351**	0.505***	0.520***	0.271**	0.442***	0.440***
		(0.125)	(0.131)	(0.130)	(0.154)	(0.159)	(0.181)	(0.108)	(0.128)	(0.148)
Trade lowers prices		0.197**	0.074	0.043	0.091	0.047	0.061	0.107	0.055	-0.037
		(0.084)	(0.096)	(0.097)	(0.105)	(0.105)	(0.129)	(0.078)	(0.079)	(0.133)
Nationalism		-0.051	-0.054	-0.056	-0.074*	-0.035	-0.041	-0.056	-0.041	-0.036
		(0.035)	(0.040)	(0.044)	(0.040)	(0.054)	(0.059)	(0.043)	(0.040)	(0.024)
Perceived effect of EU			1.149***	1.118***	1.131***	1.107***	1.044***	1.056***	1.062***	1.175***
FDI on country			(0.123)	(0.124)	(0.124)	(0.116)	(0.128)	(0.118)	(0.110)	(0.150)
Economic knowledge				0.090			0.101			
				(0.080)			(0.082)			
Right ideology					0.053		-0.002			
					(0.083)		(0.083)			
% foreign business						0.195***	0.175**			
						(0.069)	(0.070)			
Constant	-0.847***	-0.827***	-1.037***	-1.205***	-0.989***	-1.276***	-1.429***	-1.089***		-1.102***
	(0.153)	(0.237)	(0.249)	(0.246)	(0.269)	(0.253)	(0.354)	(0.252)		(0.362)
Observations	704	649	628	601	591	578	525	712	628	483
Pseudo R2	0.043	0.071	0.167	0.166	0.165	0.186	0.181	0.154	0.122	0.194

Notes: see Table 1

Table 4. Effects of union membership vs. pro-union attitude

	(1) *DV=Pro-Chinese FDI*	(2) *DV=Pro-American FDI*	(3) *DV=Pro-European FDI*
Manager	-0.469***	-0.054	-0.117
	(0.181)	(0.121)	(0.295)
Union member	-0.007	0.230**	0.264*
	(0.218)	(0.109)	(0.152)
Pro-union	-0.050	0.007	0.043
	(0.184)	(0.150)	(0.136)
Education	-0.090	-0.018	-0.053
	(0.072)	(0.045)	(0.060)
Female	-0.204	-0.061	-0.203*
	(0.204)	(0.111)	(0.122)
Age	-0.014***	-0.005	-0.004
	(0.005)	(0.003)	(0.003)
Swiss-German	-0.534***	-0.370***	-0.317*
	(0.206)	(0.139)	(0.165)
Pro-China trade	1.030***		
	(0.179)		
Pro-EU trade			0.352***
			(0.129)
Trade lowers prices	-0.001	-0.014	0.061
	(0.173)	(0.059)	(0.096)
Nationalism	-0.134**	-0.147***	-0.058
	(0.061)	(0.053)	(0.042)
Perceived effect of China FDI on country	1.195***		
	(0.137)		
Perceived effect of US FDI on country		1.451***	
		(0.142)	
Perceived effect of EU FDI on country			1.141***
			(0.136)
Constant	-4.664***	-0.877**	-1.055***
	(0.375)	(0.346)	(0.210)
Observations	586	621	619
Pseudo R-squared	0.341	0.256	0.169

Notes: see Table 1

Online Appendix

Table A1: Summary statistics

Statistic	N	Mean	St. Dev.	Min	Median	Max
Pro-Chinese FDI	694	0.167	0.373	0	0	1
Pro-American FDI	712	0.249	0.433	0	0	1
Pro-European FDI	727	0.362	0.481	0	0	1
Manager	1,190	0.097	0.296	0	0	1
Union member	1,216	0.245	0.430	0	0	1
Education	1,232	1.735	1.302	0	1	4
Female	1,235	0.511	0.500	0	1	1
Age	1,235	48.860	17.875	18	49	94
Swiss-German	1,235	0.718	0.450	0	1	1
Pro-China trade	843	0.493	0.500	0	0	1
Pro-EU trade	873	0.759	0.428	0	1	1
Trade lowers prices	1,144	0.475	0.500	0	0	1
Nationalism	1,200	2.953	1.043	1	3	5
Perceived effect of China FDI on country	778	0.317	0.466	0	0	1
Perceived effect of US FDI on country	798	0.425	0.495	0	0	1
Perceived effect of EU FDI on country	807	0.653	0.476	0	1	1
Economic knowledge	852	3.352	0.919	1	3	5
Right ideology	1,111	1.063	0.663	0	1	2
% foreign business	824	1.468	0.758	1	1	4
Pro-union	1,199	0.706	0.456	0	1	1